

## Message Text

PAGE 01 NATO 05051 181754Z

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 INR-11 L-03 ACDA-19

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FM USMISSION NATO

TO SECSTATE WASHDC 7622

SECDEF WASHDC

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USNMR SHAPE

USLOSACLANT

CINCLANT

C O N F I D E N T I A L USNATO 5051

E.O. 11652: AGDS, DECLAS 12-31-76

TAGS: EFIN, NATO

SUBJECT: FUNCTIONAL AND REGIONAL ANALYSIS OF DEFENSE EXPENDITURE

REF: A. USNATO 4893

B. STATE 187030

1. AD HOC WORKING GROUP (WG) ON DATA REQUIREMENTS FOR A FUNCTIONAL REGIONAL ANALYSIS OF DEFENSE EXPENDITURE MET ON SEPTEMBER 16 TO DISCUSS CHAIRMAN'S REPORT ON JUNE 20/21 NATIONAL EXPERTS MEETING (AC/281(DR)-R(74)1; POUCHED) AND POSSIBLE FUTURE STEPS. FOLLOWING LENGTHY DISCUSSION, WG AGREED TO SLIGHTLY AMEND CHAIRMAN'S REPORT AND AUGMENT IT WITH CONCLUSIONS/RECOMMENDATIONS SECTION BEFORE FORWARDING TO EWG. WG WILL REVIEW REVISED CHAIRMAN'S REPORT AT NEXT MEETING (PROBABLY IN ABOUT TWO WEEKS). CONCLUDING SECTION WILL DRAW ATTENTION TO DIFFICULTIES ENCOUNTERED IN ADDRESSING SPECIFIC WG TASK OF FUNCTIONAL/REGIONAL ANALYSIS OF DEFENSE EXPENDITURES, EFFORTS UNDERWAY TO OBTAIN ADDITIONAL INFORMATION ON NATIONAL COSTING SYSTEMS (REFTELS), AND POSSIBILITY THAT WG OR NATIONS MIGHT MAKE FURTHER SUGGESTIONS ON USE OF DATA ONCE MORE IS KNOWN ABOUT NATIONAL SYSTEMS.  
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PAGE 02 NATO 05051 181754Z

2. IN RESPONSE TO QUERY FROM US REP, CHAIRMAN SAID HE UNDERSTOOD DURING JUNE EXPERTS MEETING THAT COUNTRIES WOULD UNFORMALLY FORWARD INFORMATION ON NATIONAL COSTING SYSTEMS. CHAIRMAN THANKED US FOR LETTER SPELLING OUT INFORMATION REQUIREMENTS AND URGED NATIONAL

REPS TO ACTIVATE RESPONSES FROM THEIR AUTHORITIES. ACTION REQUESTED: US RESPONSE TO QUESTIONS ON NATIONAL COSTING SYSTEMS.

3. CHAIRMAN CONTINUED TO SEEK SUPPORT/SUGGESTIONS FOR A BEGIN QUOTE: PRAGMATIC APPROACH TO FUNCTIONAL/REGIONAL ANALYSIS END QUOTE; DELEGATIONS OFFERED NEITHER. FURTHERMORE, UK, NETHERLANDS, AND NORWEGIAN REPS AGAIN QUESTIONED VALUE OF FUNCTIONAL/REGIONAL EXERCISE.

4. COMMENT: IN ORDER TO IMPROVE FINANCIAL DATA ON COUNTRY DEFENSE EFFORTS, MISSION SUGGESTS WASHINGTON CONSIDER PROPOSING MODIFICATIONS TO TABLE II OF FINANCIAL AND ECONOMIC SECTION OF DEFENSE PLANNING QUESTIONNAIRE. DRC WILL NEXT CONSIDER QUESTIONNAIRE IN SPRING OF 1975.  
MCAULIFFE

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